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March 14, 2014

Clerk of the Board
Air Resources Board
1001 I Street
Sacramento, California 95814

Subject: Climate Change Scoping Plan, First Update

Air Resources Board Members:

I am writing on behalf of the Alliance of Automobile Manufacturers (Alliance), a trade association of 12 of the world's leading car and light-truck manufacturers representing over 75 percent of California's new vehicle market. This letter recommends a slight change to the Proposed First Update to the Climate Change Scoping Plan (hereafter, Scoping Plan) issued by the Air Resources Board (ARB) on February 10, 2014.

The ARB's reputation for environmental leadership is based in large part on adopting regulations after a rigorous technical and scientific analysis by the ARB staff. In the case of vehicle regulations, ARB staff works with automakers, suppliers, and other agencies to understand the costs, technical feasibility, and consumer acceptance of current and future technologies. After this analysis, ARB seeks to establish requirements that are not only technology forcing but also cost effective and technologically feasible.

We understand California's greenhouse gas (GHG) emission goals established by the Governor extend to 2050 and would require dramatic reductions in GHG emissions from all sectors. Meeting such aggressive targets requires long-term planning and early action. The Scoping Plan identifies four transportation sector strategies to help achieve the long-term GHG targets:

1. Improved vehicle efficiency and development of zero emission technologies;
2. Reduced carbon content of fuels and support for market introduction of lower-carbon fuels;
3. Reduced vehicular GHG emissions and GHG reductions from transportation planning and community development; and
4. Improved efficiency and throughput of existing transportation systems.

We agree that these strategies are among the necessary actions to achieve California's long-term GHG reduction goals, and automakers are committed to helping California achieve its

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environmental goals. Over the last few years, automakers have invested tens of billions of dollars developing, producing, and promoting GHG saving technologies ranging from advanced engines and transmissions to electric and fuel cell vehicles. Many of these technologies are in the dealerships and on the roads today. In short, automakers are doing everything possible to meet current requirements and those that have been established through 2025.

In addition to the automaker efforts, California has demonstrated its commitment to promoting ZEV technologies. The Alliance has worked closely with ARB, the Legislature, and the Brown Administration over the past couple of years to secure critical funding for consumer incentives and infrastructure for both electric and hydrogen vehicles. California provides financial incentives for ZEV purchase and lease, important non-financial incentives such as free parking and single-passenger access to the high-occupancy vehicle (HOV) lanes, and the largest number of electric vehicle chargers in the country. Moreover, California's climate and population distribution are ideally suited to ZEVs.

Even with all of the efforts of automakers and California, the willingness, or even the ability, of consumers to purchase and use this technology *en masse* is far from certain. Consequently, assumptions in the Scoping Plan that vehicle GHG emissions will continue to decline at five percent annually after 2025 or that fleet average GHG emissions will be 100 grams per mile by 2035 are likely to prove inaccurate.

Even the five percent annual GHG emission reductions for 2022 through 2025, is the subject of a mid-term evaluation during which the ARB, U.S. EPA, and National Highway Traffic Safety Administration (NHTSA) agreed to re-evaluate the state of vehicle technology, costs, availability, consumer acceptance, employment impacts, fueling infrastructure, fuel costs, fleet mix and other relevant factors and assumptions to determine whether any adjustments to the stringency of the standards are appropriate. By April 1, 2018, the three agencies will determine whether the MY 2022 through 2025 standards continue to be appropriate.

It is possible that vehicles will achieve five percent annual reductions from 2022 through 2035, but at this point – without a rigorous review of current and future technology and consumer acceptance of this technology – it's simply impossible to know. We expect that ARB will work with automakers, EPA and NHTSA to develop standards that achieve the maximum feasible and cost-effective GHG emission reductions – whether those result in annual reductions of three, five, or seven percent.

Consequently, we recommend removing references to specific percentages or grams per mile, and instead modifying the Scoping Plan on page 54 as follows:

> Continuing progress on light-duty vehicles beyond the scope of the Advanced Clean Cars program will ensure the maximum feasible and cost-effective GHG reductions from the light-duty fleet. ~~with a LEV IV standard targeted at achieving additional GHG reductions of about 5 percent per year beyond 2025 would reduce new vehicle emission standards to about 125 grams of carbon dioxide equivalent per mile (gCO2e/mi) in 2030 and to below 100 g CO2e/mi by 2035~~. Furthermore, commercially available technologies, such as low-rolling resistant tires for light-duty vehicles, can be utilized by both new and in-use vehicles in the near-term to achieve GHG emission reductions.

This change would be consistent with the wording in the Low-Carbon Fuels section where specific reductions are not predicted, but rather ARB indicates their intent to continue progress.

We look forward to working with you and your staff over the coming years on all of the vehicle emission programs. If you have any questions or need additional information, please feel free to contact me.

Sincerely,

Steve Douglas
Senior Director, Environmental Affairs

Copy: Alberto Ayala
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